QUARTERLY REPORT

TRADING NAME OF LICENSEE:

Marina District Development Company, LLC and Subsidiary
(Borgata Hotel Casino & Spa)

For The Quarter Ended December 31, 2005

TO THE
CASINO CONTROL COMMISSION
OF THE
STATE OF NEW JERSEY

LIST OF FORMS

TRADING NAME OF LICENSEE:

Marina District Development Company, LLC and Subsidiary
(Borgata Hotel Casino & Spa)

For The Quarter Ended December 31, 2005

TRADING NAME OF LICENSEE: Marina District Development Company, LLC and Subsidiary (Borgata Hotel Casino & Spa)

BALANCE SHEETS

AS OF DECEMBER 31, 2005 AND 2004

(UNAUDITED)
($ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)		2005 (c)	2004 (d)
	ASSETS			
	Current Assets:			
1	Cash and Cash Equivalents		$ 49,848	$ 37,567
2	Short-Term Investments		-	-
3	Receivables and Patrons' Checks (Net of Allowance for Doubtful Accounts - 2005, $10,232; 2004, $7,081)	Note 3	51,693	47,248
4	Inventories		3,107	2,986
5	Prepaid Expenses and Other Current Assets		5,707	5,487
6	Total Current Assets		110,355	93,288
7	Investments, Advances, and Receivables		6,582	2,699
8	Property and Equipment - Gross		1,149,430	1,040,974
9	Less: Accumulated Depreciation and Amortization		(135,686)	(79,237)
10	Property and Equipment - Net	Note 4	1,013,744	961,737
11	Other Assets		10,294	11,862
12	Total Assets		$ 1,140,975	$ 1,069,586
	LIABILITIES AND EQUITY			
	Current Liabilities:			
13	Accounts Payable		$ 32,286	$ 8,779
14	Notes Payable		-	-
	Current Portion of Long-Term Debt:			
15	Due to Affiliates		-	-
16	Other	Note 8	-	2,000
17	Income Taxes Payable and Accrued		7,107	2,219
18	Other Accrued Expenses	Note 5,11	57,345	52,729
19	Other Current Liabilities	Note 6	12,558	10,730
20	Total Current Liabilities		109,296	76,457
	Long-Term Debt:			
21	Due to Affiliates		-	-
22	Other	Note 8	341,700	423,600
23	Deferred Credits		4,472	265
24	Other Liabilities	Note 9	7,400	9,523
25	Commitments and Contingencies			
26	Total Liabilities		462,868	509,845
27	Stockholders', Partners', or Proprietor's Equity	Note 2	678,107	559,741
28	Total Liabilities and Equity		$ 1,140,975	$ 1,069,586

The accompanying notes are an integral part of the financial statements.
Valid comparisons cannot be made without using information contained in the notes.

TRADING NAME OF LICENSEE: Marina District Development Company, LLC and Subsidiary (Borgata Hotel Casino & Spa)

STATEMENTS OF INCOME

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2005 AND 2004

(UNAUDITED)
($ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	2005 (c)	2004 (d)
	Revenue:		
1	Casino	$ 696,965	$ 623,400
2	Rooms	91,257	85,166
3	Food and Beverage	121,013	119,946
4	Other	35,470	23,769
5	Total Revenue	944,705	852,281
6	Less: Promotional Allowances ... Note 1	180,722	175,862
7	Net Revenue	763,983	676,419
	Costs and Expenses:		
8	Cost of Goods and Services ... Note 1	401,049	363,475
9	Selling, General, and Administrative ... Note 7,11	102,186	84,454
10	Provision for Doubtful Accounts ... Note 3	4,381	5,021
11	Total Costs and Expenses	507,616	452,950
12	Gross Operating Profit	256,367	223,469
13	Depreciation and Amortization	56,951	56,811
	Charges from Affiliates Other than Interest:		
14	Management Fees	-	-
15	Other	-	-
16	Income (Loss) from Operations	199,416	166,658
	Other Income (Expenses):		
17	Interest (Expense) - Affiliates	-	-
18	Interest (Expense) - External ... Note 8,9	(23,930)	(35,118)
19	Investment Alternative Tax and Related Income (Expense) - Net	(4,922)	(7,957)
20	Nonoperating Income (Expense) - Net	(679)	93
21	Total Other Income (Expenses)	(29,531)	(42,982)
22	Income (Loss) Before Income Taxes and Extraordinary Items	169,885	123,676
23	Provision (Credit) for Income Taxes ... Note 1,10	(1,303)	(9,789)
24	Income (Loss) Before Extraordinary Items	171,188	133,465
25	Extraordinary Items (Net of Income Taxes - 2005, $0; 2004, $0)	-	-
26	Net Income (Loss)	$ 171,188	$ 133,465

The accompanying notes are an integral part of the financial statements.
Valid comparisons cannot be made without using information contained in the notes.

TRADING NAME OF LICENSEE: Marina District Development Company, LLC and Subsidiary (Borgata Hotel Casino & Spa)

STATEMENTS OF INCOME

FOR THE THREE MONTHS ENDED DECEMBER 31, 2005 AND 2004

(UNAUDITED)
($ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	2005 (c)	2004 (d)
	Revenue:		
1	Casino	$ 175,209	$ 164,524
2	Rooms	22,496	21,497
3	Food and Beverage	28,850	29,267
4	Other	9,962	5,999
5	Total Revenue	236,517	221,287
6	Less: Promotional Allowances ... Note 1	42,578	41,841
7	Net Revenue	193,939	179,446
	Costs and Expenses:		
8	Cost of Goods and Services ... Note 1	101,006	91,529
9	Selling, General, and Administrative ... Note 7,11	27,455	24,120
10	Provision for Doubtful Accounts ... Note 3	2,238	1,605
11	Total Costs and Expenses	130,699	117,254
12	Gross Operating Profit	63,240	62,192
13	Depreciation and Amortization	15,998	14,381
	Charges from Affiliates Other than Interest:		
14	Management Fees	-	-
15	Other	-	-
16	Income (Loss) from Operations	47,242	47,811
	Other Income (Expenses):		
17	Interest (Expense) - Affiliates	-	-
18	Interest (Expense) - External ... Note 8,9	(5,274)	(7,407)
19	Investment Alternative Tax and Related Income (Expense) - Net	(738)	(2,104)
20	Nonoperating Income (Expense) - Net	(580)	108
21	Total Other Income (Expenses)	(6,592)	(9,403)
22	Income (Loss) Before Income Taxes and Extraordinary Items	40,650	38,408
23	Provision (Credit) for Income Taxes ... Note 1,10	(259)	(21,351)
24	Income (Loss) Before Extraordinary Items	40,909	59,759
25	Extraordinary Items (Net of Income Taxes)	-	-
26	Net Income (Loss)	$ 40,909	$ 59,759

The accompanying notes are an integral part of the financial statements.
Valid comparisons cannot be made without using information contained in the notes.

STATEMENTS OF CHANGES IN PARTNERS' OR PROPRIETOR'S EQUITY

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2005 AND 2004

(UNAUDITED)
($ IN THOUSANDS)

Line (a)	Description (b)	Contributed Capital (c)	Accumulated Earnings (Deficit) (d)	Accumulated Other Comprehensive Income (Loss) (e)	Total Equity (Deficit) (f)
1	**Balance, December 31, 2003**	$ 446,700	$ (45,377)	$ (15,141)	$ 386,182
2	Net Income - 2004	-	133,465	-	133,465
3	Capital Contributions ..... Note 8	30,807	-	-	30,807
4	Capital Withdrawals	-	-	-	-
5	Partnership Distributions	-	-	-	-
6	Prior Period Adjustments	-	-	-	-
7	Other Comprehensive Income, net ..... Note 1,9	-	-	9,287	9,287
8		-	-	-	-
9		-	-	-	-
10	**Balance, December 31, 2004**	477,507	88,088	(5,854)	559,741
11	Net Income - 2005	-	171,188	-	171,188
12	Capital Contributions	-	-	-	-
13	Capital Withdrawals	-	-	-	-
14	Partnership Distributions ..... Note 8	-	(58,676)	-	(58,676)
15	Prior Period Adjustments	-	-	-	-
16	Other Comprehensive Income, net ..... Note 1,9	-	-	5,854	5,854
17		-	-	-	-
18		-	-	-	-
19	**Balance, December 31, 2005**	$ 477,507	$ 200,600	$ -	$ 678,107

Marina District Development Company is a limited liability company and therefore is treated as a partnership.

The accompanying notes are an integral part of the financial statements.
Valid comparisons cannot be made without using information contained in the notes.

TRADING NAME OF LICENSEE: Marina District Development Company, LLC and Subsidiary (Borgata Hotel Casino & Spa)

STATEMENTS OF CASH FLOWS

FOR THE TWELVE MONTHS ENDED DECEMBER 30, 2005 AND 2004

(UNAUDITED)
($ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	2005 (c)	2004 (d)
1	NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	$ 248,352	$ 185,552
	CASH FLOWS FROM INVESTING ACTIVITIES:		
2	Purchase of Short-Term Investment Securities	-	-
3	Proceeds from the Sale of Short-Term Investment Securities	-	-
4	Cash Outflows for Property and Equipment	(89,612)	(23,237)
5	Proceeds from Disposition of Property and Equipment	-	-
6	Purchase of Casino Reinvestment Obligations	(3,883)	-
7	Purchase of Other Investments and Loans/Advances made	-	-
8	Proceeds from Disposal of Investments and Collection of Advances and Long-Term Receivables	-	-
9	Cash Outflows to Acquire Business Entities	-	-
10		-	-
11		-	-
12	Net Cash Provided (Used) By Investing Activities	(93,495)	(23,237)
	CASH FLOWS FROM FINANCING ACTIVITIES:		
13	Cash Proceeds from Issuance of Short-Term Debt	-	-
14	Payments to Settle Short-Term Debt	-	-
15	Cash Proceeds from Issuance of Long-Term Debt	573,000	367,792
16	Costs of Issuing Debt	-	-
17	Payments to Settle Long-Term Debt	(656,900)	(548,348)
18	Cash Proceeds from Issuing Stock or Capital Contributions	-	30,807
19	Purchases of Treasury Stock	-	-
20	Payments of Dividends or Capital Withdrawals	-	-
21	Partnership Distributions	(58,676)	-
22		-	-
23	Net Cash Provided (Used) By Financing Activities	(142,576)	(149,749)
24	Net Increase (Decrease) in Cash and Cash Equivalents	12,281	12,566
25	Cash and Cash Equivalents at Beginning of Period	37,567	25,001
26	Cash and Cash Equivalents at End of Period	$ 49,848	$ 37,567

	CASH PAID DURING PERIOD FOR:		
27	Interest (Net of Amount Capitalized)	$ 26,019	$ 29,218
28	Income Taxes, net of refunds	$ 7,605	$ 6,007

The accompanying notes are an integral part of the financial statements.
Valid comparisons cannot be made without using information contained in the notes.

STATEMENTS OF CASH FLOWS

FOR THE TWELVE MONTHS ENDED DECEMBER 30, 2005 AND 2004

(UNAUDITED)
($ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	2005 (c)	2004 (d)
	NET CASH FLOWS FROM OPERATING ACTIVITIES:		
29	Net Income (Loss)	$ 171,188	$ 133,465
	Noncash Items Included in Income and Cash Items Excluded from Income:		
30	Depreciation and Amortization of Property and Equipment	56,813	53,236
31	Amortization of Other Assets	138	3,575
32	Amortization of Debt Discount or Premium	-	-
33	Deferred Income Taxes - Current	-	-
34	Deferred Income Taxes - Noncurrent	-	-
35	(Gain) Loss on Disposition of Property and Equipment	160	184
36	(Gain) Loss on Casino Reinvestment Obligations	4,922	7,957
37	(Gain) Loss from Other Investment Activities	-	-
38	Net (Increase) Decrease in Receivables and Patrons' Checks	(4,445)	(29,694)
39	Net (Increase) Decrease in Inventories	(121)	(765)
40	Net (Increase) Decrease in Other Current Assets	(220)	(1,628)
41	Net (Increase) Decrease in Other Assets	1,430	3,991
42	Net Increase (Decrease) in Accounts Payable	4,139	2,956
43	Net Increase (Decrease) in Other Current Liabilities Excluding Debt	5,830	8,749
44	Net Increase (Decrease) in Other Noncurrent Liabilities Excluding Debt	7,710	3,748
45	Net Loss (Gain) on Derivative Financial Instruments	808	(222)
46		-	-
47	Net Cash Provided (Used) By Operating Activities	$ 248,352	$ 185,552

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

LINE (a)	DESCRIPTION (b)	2005 (c)	2004 (d)
	ACQUISITION OF PROPERTY AND EQUIPMENT:		
48	Additions to Property and Equipment	$ (89,612)	$ (23,237)
49	Less: Capital Lease Obligations Incurred	-	-
50	Cash Outflows for Property and Equipment	$ (89,612)	$ (23,237)
	ACQUISITION OF BUSINESS ENTITIES:		
51	Property and Equipment Acquired	$ -	$ -
52	Goodwill Acquired	-	-
53	Net Assets Acquired Other than Cash, Goodwill, and Property and Equipment	-	-
54	Long-Term Debt Assumed	-	-
55	Issuance of Stock or Capital Invested	-	-
56	Cash Outflows to Acquire Business Entities	$ -	$ -
	STOCK ISSUED OR CAPITAL CONTRIBUTIONS:		
57	Total Issuances of Stock or Capital Contributions	$ -	$ 30,807
58	Less: Issuances to Settle Long-Term Debt	-	-
59	Consideration in Acquisition of Business Entities	-	-
60	Cash Proceeds from Issuing Stock or Capital Contributions	$ -	$ 30,807

The accompanying notes are an integral part of the financial statements.
Valid comparisons cannot be made without using information contained in the notes.

TRADING NAME OF LICENSEE: Marina District Development Company, LLC and Subsidiary (Borgata Hotel Casino & Spa)

SCHEDULE OF PROMOTIONAL EXPENSES AND ALLOWANCES

($ IN THOUSANDS)

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2005

		Promotional Allowances		Promotional Expenses	
Line (a)	(b)	Number of Recipients (c)	Dollar Amount (d)	Number of Recipients (e)	Dollar Amount (f)
1	Rooms	413,970	$ 55,093		
2	Food	1,919,413	40,136	717,706	7,177
3	Beverage	6,071,615	19,733		
4	Travel			25,560	6,390
5	Bus Program Cash				
6	Other Cash Complimentaries	2,331,486	58,287		
7	Entertainment	108,273	4,331	7,801	780
8	Retail & Non-Cash Gifts			54,818	13,704
9	Parking				
10	Other*	125,697	3,142	5,982,483	5,384
11	Total	10,970,454	$ 180,722	6,788,368	$ 33,435

* Promotional Allowances - Other includes $465 of comp dollars and slot dollars earned but not redeemed.

* Promotional Expenses - Other includes $4,169 of comp taxes.

FOR THE THREE MONTHS ENDED DECEMBER 31, 2005

		Promotional Allowances		Promotional Expenses	
Line (a)	(b)	Number of Recipients (c)	Dollar Amount (d)	Number of Recipients (e)	Dollar Amount (f)
1	Rooms	97,458	$ 13,228		
2	Food	444,639	9,484	170,921	1,709
3	Beverage	1,483,984	4,823		
4	Travel			7,760	1,939
5	Bus Program Cash				
6	Other Cash Complimentaries	490,914	12,273		
7	Entertainment	30,146	1,206	1,241	124
8	Retail & Non-Cash Gifts			14,304	3,576
9	Parking				
10	Other*	62,563	1,564	2,311,968	2,080
11	Total	2,609,704	$ 42,578	2,506,194	$ 9,428

* Promotional Allowances - Other includes $942 of comp dollars and slot dollars earned but not redeemed.

* Promotional Expenses - Other includes $977 of comp taxes.

STATEMENT OF CONFORMITY AND COMPLIANCE

1. I have examined this Quarterly Report.

2. All the information contained in this Quarterly Report has been prepared in conformity with the Casino Control Commission's Quarterly Report Instructions and Uniform Chart of Accounts.

3. To the best of my knowledge and belief, the information contained in this report is accurate.

4. To the best of my knowledge and belief, except for the deficiencies noted below, the licensee submitting this Quarterly Report, has remained in compliance with the financial stability regulations contained in N.J.A.C. 19:43-4.2(b)1-5 during the quarter.

Signature - Hugh Turner

Vice President - Finance
Title

7833-11
License Number

On Behalf of:
Marina District Development Company LLC
Casino Licensee

Marina District Development Company, LLC and Subsidiary

Borgata HOTEL CASINO & SPA

(A Wholly-Owned Subsidiary of Marina District Development Holding Co., LLC)

Notes to Consolidated Financial Statements
(Unaudited)

Note 1. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America and include the accounts of Marina District Development Company, LLC, d.b.a. Borgata, ("MDDC, LLC") and Marina District Finance Company, Inc. ("MDFC"), its wholly-owned subsidiary, collectively referred to herein as the "Company", "We", or "Us". The Company is a wholly-owned subsidiary of Marina District Development Holding Co., LLC ("Holding Company" or "Parent"). Holding Company is jointly owned by MAC, Corp. ("MAC"), a wholly-owned subsidiary of MGM MIRAGE, and Boyd Atlantic City, Inc. ("BAC"), a wholly-owned subsidiary of Boyd Gaming Corporation. Our purpose is to develop, own, and operate a hotel casino and spa facility at Renaissance Pointe in Atlantic City, New Jersey. We opened Borgata on July 3, 2003 with approximately 2,000 hotel rooms, a 125,000 square foot casino, and other amenities.

We are currently in the process of two major expansions at Borgata. The first expansion ("Public Space Expansion") is a project with an estimated cost of $200,000,000 and the second expansion ("Rooms Expansion") is a project with an estimated cost of $325,000,000. The Public Space Expansion consists of substantial additions of both gaming and non-gaming amenities to be built on a portion of the existing surface parking lot. The centerpiece of the Rooms Expansion is a new hotel tower, The Water Club at Borgata, containing approximately 800 rooms and suites, to be built on a portion of the existing surface parking lot, near the existing porte cochere. In addition to the hotel, which will have an arrival separate from our existing hotel tower, the Rooms Expansion will include a new spa, additional meeting room space, and a new parking structure. Access to our existing facilities and the Public Space Expansion amenities is intended to be seamless and convenient. The Public Space Expansion construction commenced in December 2004 with expected completion to occur in the second quarter of 2006. The Rooms Expansion construction began January 2006 and is scheduled for completion in the fourth quarter of 2007. Boyd Gaming Corporation and MGM MIRAGE have approved both projects, which will be built on land leased from MGM MIRAGE (See Note 7). BAC and MAC do not expect to make further capital contributions to us for the expansion projects as we expect to finance the projects from our cash flow and from our recently amended bank credit facility (see Note 8).

Pursuant to the Joint Venture Agreement (the "JV Agreement"), BAC, as the managing venturer of the Holding Company, has oversight responsibility for the management of Borgata which includes the design, development, and construction as well as the day to day operations. We do not record a management fee to BAC as our management team directly performs these services or negotiates contracts to provide for these services. As a result, the costs of these services are directly borne by the Company and are reflected in our accompanying consolidated financial statements.

Cash and Cash Equivalents

Cash and cash equivalents include highly liquid investments with maturities of three months or less at their date of purchase. The carrying value of these investments approximates their fair value due to their short maturities.

Accounts Receivable, net

Accounts receivable consist primarily of casino, hotel and other receivables, net of an allowance for doubtful accounts of $10,232,000 and $7,081,000 at December 31, 2005 and 2004, respectively. The allowance for doubtful accounts is estimated based upon our collection experience and the age of the receivables.

Inventories

Inventories consist primarily of food and beverage and retail items and are stated at the lower of cost or market. Cost is determined using the average cost method.

Property and Equipment

Property and equipment are stated at cost. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets (see Note 4). Costs of major improvements are capitalized, while costs of normal repairs and maintenance are charged to expense as incurred. Losses on disposal of assets are recognized when such assets are impaired while gains are recognized as realized.

Capitalized Interest

Interest costs associated with our original project and expansion projects are capitalized. Interest costs, which include commitment fees, letter of credit fees and the amortized portion of deferred loan origination fees, are capitalized on amounts expended for the respective projects using our weighted average cost of borrowing. Capitalization of interest ceases when the projects, or discernible portions of the projects, are substantially complete. We amortize capitalized interest over the estimated useful life of the related asset. Capitalized interest for the years ended December 31, 2005 and 2004 was $2,008,000 and $21,000, respectively.

Deferred Loan Origination Fees

Deferred loan origination fees incurred in connection with the issuance of long-term debt are amortized over the terms of the related debt agreement.

Revenue and Promotional Allowances

Gaming revenue represents the net win from gaming activities, which is the difference between gaming wins and losses. The majority of our gaming revenue is counted in the form of cash, chips and tokens and therefore is not subject to any significant or complex estimation procedures. Gross revenues include the estimated retail value of rooms, food and beverage, and other goods and services provided to customers on a complimentary basis. Such amounts are then deducted as promotional allowances. The estimated costs and expenses of providing these promotional allowances are charged to the gaming department in the following amounts (in thousands):

	Year Ended December 31,	
	2005	2004
Room	$ 17,089,000	$ 16,165,000
Food and beverage	44,028,000	40,793,000
Other	7,744,000	5,649,000
Total	**$ 68,861,000**	**$ 62,607,000**

Promotional allowances also include incentives such as cash, goods and services (such as complimentary rooms and food and beverages) earned in our slot club and other gaming programs. We reward customers, through the use of loyalty programs, with points based on amounts wagered that can be redeemed for a specified period of time, principally for restricted free play slot machine credits and complimentary goods or services. We record the estimated retail value of these incentives as revenue and then deduct them as a promotional allowance. For the years ended December 31, 2005 and 2004, these incentives were $58,752,000 and $62,448,000, respectively.

Income Taxes

Our Parent and we are treated as a partnership for federal income tax purposes; therefore, federal income taxes are the responsibility of MAC and BAC. In New Jersey, casino partnerships are subject to state income taxes under the Casino Control Act; therefore, we are required to record New Jersey state income taxes. In 2004, we were granted permission by New Jersey, pursuant to a ruling request, to file a consolidated New Jersey corporation business tax return with MAC and BAC. In accordance with our tax sharing agreement, we have agreed with MAC and BAC that our tax liability will be based upon our stand-alone separate activity, as reflected in our consolidated financial statements.

Pursuant to an amendment to the Casino Control Act, effective July 1, 2003, we are also subject to a 7.5% Adjusted Net Profits Tax which is imposed on a casino's adjusted net income as defined in the Casino Control Commission regulations. This tax of $3,805,000 per year is based on our adjusted net income for our first twelve months of operations ended on June 30, 2004 and is imposed for each of the three fiscal years ending June 30, 2004 through June 30, 2006. We are entitled to a 50% credit against our Adjusted Net Profits Tax if we make qualifying capital expenditures, as defined by statute. We recognize this credit in arriving at our state tax benefit reported on the accompanying consolidated statement of operations (see Note 10).

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and notes. Significant estimates incorporated into our accompanying consolidated financial statements include the estimated useful lives for depreciable and amortizable assets, the estimated allowance for doubtful accounts receivable, estimated valuation allowance for deferred tax assets, the estimate for available tax credits, the estimated liabilities for our self-insured medical plan, slot club programs, contingencies and litigation, claims and assessments. Actual results could differ from those estimates and assumptions.

Advertising Expense

Advertising costs are expensed the first time such advertising appears. Total advertising costs included in selling, general and administrative expenses on the accompanying consolidated statements of operations were $8,654,000 and $6,847,000, respectively, for the years ended December 31, 2005 and 2004.

Employee Benefit Plans

We contribute to pension plans under various union agreements. Contributions, based on wages paid to covered employees, totaled approximately $3,824,000 and $3,736,000, respectively, for the years ended December 31, 2005 and 2004.

We have a retirement savings plan under Section 401(k) of the Internal Revenue Code covering our non-union employees. The plan allows employees to defer up to the lessor of the Internal Revenue Code prescribed maximum amount or 100% of their income on a pre-tax basis through contributions to the plan. We expensed our voluntary contributions to the 401(k) plan of $2,789,000 and $2,499,000 for the years ended December 31, 2005 and 2004, respectively.

Self Insurance

We are currently self insured up to $1,000,000, $500,000, and $250,000 with respect to each property damage claim, general liability claim, and non-union employee medical case, respectively. We have accrued $3,603,000 and $2,705,000 for such claims at December 31, 2005 and 2004, respectively, and incurred expenses of approximately $12,600,000, and $7,008,000 for the years ended December 31, 2005 and 2004, respectively.

Derivative Financial Instruments and Other Comprehensive Income

All of our interest rate protection agreements matured on or before December 31, 2005 (see Note 9). We accounted for our interest rate protection agreements as derivative financial instruments in accordance with Statement of Financial Accounting Standards ("SFAS") No. 133, *Accounting for Derivative Instruments*. Our derivative financial instruments were utilized to reduce interest rate risk. We do not enter into derivative financial instruments for trading or speculative purposes. SFAS No. 133 requires all derivatives to be recognized on the balance sheet at fair value. Derivatives that are not designated as hedges must be adjusted to fair value through income. For derivatives designated as a hedge, depending on the nature of the hedge, changes in the fair value of derivatives are either offset against the change in fair value of the hedged item through earnings or recognized in other comprehensive income (loss) until the hedged item is recognized in earnings. The ineffective portion of a derivative's change in fair value is immediately recognized in earnings.

We accounted for our comprehensive income (loss) in accordance with SFAS No. 130, *Reporting Comprehensive Income*. Such amounts of accumulated other comprehensive income (loss) related to our derivative financial instruments reversed through our consolidated statements of operations over the lives of the derivative financial instruments.

Recently Issued Accounting Standards

In March 2005, the Financial Accounting Standards Board ("FASB") issued FASB Interpretation No. 47, *Accounting for Conditional Asset Retirement Obligations.* This interpretation clarifies the term *conditional asset retirement obligation* as used in FASB Statement No. 143, *Accounting for Asset Retirement Obligations* and requires the recognition of a liability for the fair value of a conditional asset retirement obligation if the fair value of the liability can be reasonably estimated. This interpretation is effective for fiscal periods ending after December 15, 2005. The 2005 adoption of this interpretation did not have a material impact on our consolidated financial statements.

In October 2005, the FASB issued FASB Staff Position ("FSP") No. 13-1, *Accounting for Rental Costs Incurred during a Construction Period.* This FSP requires rental costs associated with ground operating leases that are incurred during a construction period be recognized as rental expense. This FSP is effective for fiscal periods beginning after December 15, 2005. We currently do not expect the adoption of this FSP to have a material impact on our consolidated financial statements (see Note 7).

In May 2005, the FASB issued SFAS No. 154, *Accounting Changes and Error Corrections*. This statement requires retrospective application to prior periods' financial statements of changes in accounting principle, unless it is impracticable to determine either the period-specific effects or the cumulative effect of the change. Additionally, this statement provides guidance on recording and disclosing changes in accounting estimates. This SFAS is effective for changes and corrections of errors made in fiscal years beginning after December 15, 2005. We currently do not expect the adoption of this SFAS to have a material impact on our consolidated financial statements.

Reclassifications

Certain prior period amounts in the accompanying consolidated financial statements have been reclassified to conform to the December 31, 2005 presentation. These reclassifications had no effect on our net income as previously reported.

Note 2. Capital Contributions

At December 31, 2003, we had recorded contributions receivable from BAC and MAC in the amounts of $35,500,000 and $4,100,000, respectively. These contributions receivable were classified as part of member equity on the consolidated balance sheet at December 31, 2003. Each receivable included $4,100,000 related to unfunded contributions pursuant to the total of agreed-upon project costs in the operating agreement. The receivable from BAC also included $31,400,000 related to the excess of total estimated project costs over the total agreed-upon project costs. In June 2004, BAC and MAC signed an agreement that finalized the total amount of our original project costs subject to the resolution of a minor contract dispute and the potential refund of certain construction fees. Pursuant to this agreement, both BAC and MAC agreed to waive the remaining capital contributions, which were finalized at $4,100,000 each and would have funded us to the total of agreed-upon project costs. In addition, BAC agreed to pay a total of $30,807,000 to fulfill their obligation to fund the excess of actual original project costs, calculated before any resolution to the minor outstanding issues, above the total of agreed-upon costs. Accordingly, in June 2004, BAC made a $30,807,000 capital contribution to us that was applied to the contribution receivable recorded at December 31, 2003. As such, there are no contributions receivable recorded at December 31, 2005 or 2004.

Note 3. Receivables and Patrons' Checks

Receivables and patrons' checks consist of the following:

	December 31,	
	2005	2004
Casino receivables (net of an allowance for doubtful accounts – 2005 $10,034,000 and 2004 $6,818,000)	$ 24,122,000	$ 16,812,000
NJ tax refund receivable (Note10)	17,831,000	23,021,000
Other (net of an allowance for doubtful accounts – 2005 $198,000 and 2004 $263,000	9,686,000	7,093,000
Due from related parties (Note 7)	54,000	322,000
Receivables and patrons' checks, net	**$ 51,693,000**	**$ 47,248,000**

Note 4. Property and Equipment

Property and equipment consists of the following:

	Estimated Life (Years)	December 31,	
		2005	2004
Land	-	$ 87,301,000	$ 87,301,000
Building and improvements	3-40	800,190,000	795,490,000
Furniture and equipment	3-7	165,043,000	148,224,000
Construction in progress	-	96,896,000	9,959,000
Total		1,149,430,000	1,040,974,000
Less accumulated depreciation		135,686,000	79,237,000
Property and equipment, net		**$ 1,013,744,000**	**$ 961,737,000**

Depreciation expense was $56,813,000 and $53,236,000 for the years ended December 31, 2005 and 2004, respectively.

Note 5. Other Accrued Expenses

Other accrued expenses consist of the following:

	December 31,			
	2005		2004	
Payroll and related	$	27,071,000	$	22,839,000
Other		30,274,000		29,890,000
Other accrued expenses	**$**	**57,345,000**	**$**	**52,729,000**

Note 6. Other Current Liabilities

Other current liabilities consist of the following:

	December 31,			
	2005		2004	
Due to related parties (Note 7)	$	699,000	$	864,000
Other		11,859,000		9,866,000
Other current liabilities	**$**	**12,558,000**	**$**	**10,730,000**

Note 7. Related Parties

Pursuant to the JV Agreement, MAC is solely responsible for any landscaping, utilities, investigation, analyses, clean-up, detoxification, testing, monitoring, or remediation related to Renaissance Pointe. MAC is also responsible for their allocable share of expenses related to master plan and government improvements at Renaissance Pointe. The related amounts due from MAC for these types of expenditures incurred by us were $36,000 and $319,000 at December 31, 2005 and 2004, respectively. Reimbursable expenditures incurred were $240,000 and $678,000 for the years ended December 31, 2005 and 2004, respectively.

Boyd Gaming Corporation reimburses us for expenses relating to investigative services for our casino license and other expenses. The related amounts incurred by us and due from Boyd Gaming Corporation for these types of expenses were $18,000 and $3,000 at December 31, 2005 and 2004, respectively. Reimbursable expenditures incurred were $1,032,000 and $2,106,000 for the year ended December 31, 2005 and 2004, respectively.

In 2005, we entered into a series of ground lease agreements with MAC related to our expansion projects which increase our leased premises from a total of 15.5 acres to a total of 19.0 acres (see Note 11). These new ground lease agreements and the modified existing employee parking garage ground lease agreement provide the land on which our existing employee parking garage, the Public Space Expansion, the Rooms Expansion, and a modified surface parking lot will reside. The lease terms extend until December 31, 2070 with the exception of the surface parking lot lease (which can be terminated by either party upon 18 months written notice). The related amounts due to MAC for these types of expenditures were $320,000 and $486,000 at December 31, 2005 and 2004, respectively. Related rent incurred was $4,884,000 and $1,333,000 for the years ended December 31, 2005 and 2004, respectively, portions of which were capitalized on the accompanying consolidated balance sheets and portions of which were included in the accompanying consolidated statements of operations.

Pursuant to the ground lease agreements, we are responsible for reimbursing MAC for related property taxes paid on our behalf. The related amounts due to MAC for these types of expenditures were $0 at December 31, 2005 and 2004. Related property tax incurred was $1,680,000 and $1,636,000 for the years ended December 31, 2005 and 2004, respectively, portions of which were capitalized on the accompanying consolidated balance sheets and portions of which were included in the accompanying consolidated statements of operations.

In 2003, we entered into a one year airplane lease agreement with BAC. The related amounts due to BAC for these types of expenditures were $0 at December 31, 2005 and 2004. Related rent expense payments were $316,000 for the year ended December 31, 2004. In 2004, we purchased the airplane from BAC for its appraised value of $5,750,000.

We reimburse BAC for compensation paid to employees performing services for us on a full-time basis and for out-of-pocket costs and expenses incurred related to travel. BAC is also reimbursed for various payments made on our behalf primarily related to third party legal fees, investigative fees, and other. The related amounts due to BAC for these types of expenditures paid by BAC were $379,000 and $378,000 at December 31, 2005 and 2004, respectively. Reimbursable expenditures during the years ended December 31, 2005 and 2004 were $6,500,000 and $4,360,000, respectively, portions of which were capitalized on the accompanying consolidated balance sheets and portions of which were included in the accompanying consolidated statements of operations.

The related party balances are non-interest bearing.

Note 8. Debt

On February 15, 2006, the First Amendment was made to our First Amended and Restated Credit Agreement among MDFC, MDDC, Canadian Imperial Bank of Commerce and certain other financial institutions. The amended bank credit agreement modified our existing amended bank credit agreement and consists of a $750,000,000 revolving credit facility that matures on January 31, 2011. Availability under the revolving credit facility was used to repay the outstanding term loan balance in full.

The interest rate on the revolving credit facility is based upon either (i) the agent bank's quoted base rate or (ii) the Eurodollar rate, plus an applicable margin that is determined by the level of a predefined financial leverage ratio. In addition, we incur a commitment fee on the unused portion of the revolving credit facility that ranges from 0.2% to 0.375% per annum. The amended bank credit agreement is secured by substantially all of our real and personal property and is non-recourse to MAC and BAC.

The amended bank credit agreement contains certain financial and other covenants, including, without limitation, various covenants (i) establishing a maximum permitted total leverage ratio, (ii) imposing limitations on the incurrence of additional secured indebtedness, (iii) imposing limitations on the maximum permitted expansion capital expenditures during the term of the amended bank credit agreement and (iv) imposing restrictions on investments, dividends and certain other payments.

Amounts outstanding under each component of our bank credit agreements are as follows:

	December 31,	
	2005	2004
Term loan	198,000,000	200,000,000
Revolving line of credit	143,700,000	225,600,000
Total debt	341,700,000	425,600,000
Less current maturities	-	2,000,000
Total long – term debt	**$ 341,700,000**	**$ 423,600,000**

The scheduled maturities of long-term debt for the years ending December 31 are as follows:

2006	$ -
2007	-
2008	-
2009	-
2010	-
Thereafter	341,700,000
Total	**$ 341,700,000**

Prior to the amendment on February 15, 2006, our First Amended and Restated Credit Agreement among MDFC, MDDC, Canadian Imperial Bank of Commerce and certain other financial institutions had become effective on October 20, 2004. The amended bank credit agreement modified our original bank credit agreement.

Under the existing amended bank credit facility, which consisted of a $200,000,000 term loan and a $450,000,000 revolving credit facility, $198,000,000 of borrowings were outstanding under the term loan and $143,700,000 was outstanding under the revolving credit facility at December 31, 2005, leaving availability under the existing amended bank credit facility of $306,300,000.

The interest rate on the term loan was based upon either (i) the agent bank's quoted base rate or (ii) the Eurodollar rate, plus a fixed margin. The interest rate on the revolving credit facility was based upon either (i) the agent bank's quoted base rate or (ii) the Eurodollar rate, plus an applicable margin that is determined by the level of a predefined financial leverage ratio. In addition, we incurred a commitment fee on the unused portion of the revolving credit facility that ranged from 0.25% to 0.5% per annum. The blended interest rates for outstanding borrowings under the existing amended bank credit agreement at December 31, 2005 and 2004 were 5.9% and 4.0%, respectively. The existing amended bank credit agreement was secured by substantially all of our real and personal property and was non-recourse to MAC and BAC.

The existing amended bank credit facility contained certain financial and other covenants, including, without limitation, various covenants (i) requiring the maintenance of a fixed charge coverage ratio, (ii) establishing a maximum permitted total leverage ratio, (iii) imposing limitations on the incurrence of additional secured indebtedness, (iv) imposing limitations on the maximum permitted expansion capital expenditures during the term of the existing amended bank credit facility and (v) imposing restrictions on investments, dividends and certain other payments. We believe we were in compliance with these covenants as of December 31, 2005.

Note 9. Interest Rate Protection Agreements

On March 8, 2001, we entered into several interest rate protection agreements to comply with the requirements of our original bank credit agreement at an initial cost of $771,000. All of our interest rate protection agreements matured on or before December 31, 2005. The interest rate protection agreements were cash flow hedges and consisted of interest rate swaps, caps and collars with a combined total initial aggregate notional amount of $310,000,000 that commenced and matured at various dates ranging from December 2001 to December 2005. The aggregate notional amount of the agreements at December 31, 2004 was $290,000,000. The interest rate protection agreements were accounted for as derivative financial instruments in accordance with SFAS No. 133. The fair values of the derivative financial instruments at December 31, 2004 have been recorded on the accompanying consolidated balance sheets. Net interest paid or received pursuant to the derivative financial instruments is included in interest expense in the period. The net effect of our interest rate swaps resulted in an increase in interest of $5,069,000 and $9,979,000, respectively, greater than the contractual rate of the underlying hedged debt for the years ended December 31, 2005 and 2004. At December 31, 2004, the weighted average fixed interest rate that we received was 2.6% and the weighted average variable interest rate that we paid was 5.0%.

The following table reports the effects of the mark to market valuations of our derivative financial instruments for the periods indicated. The increase or decrease in fair value of certain hedges deemed to be ineffective is reported in the accompanying consolidated statements of operations. The increase or decrease in fair value of certain hedges deemed to be effective is reported in other comprehensive income (loss) as a component of member equity on the accompanying consolidated balance sheets.

	Year Ended December 31, 2005	Year Ended December 31, 2004
Net gain/(loss) on derivative financial instruments due to ineffectiveness in certain hedges	**$ (808,000)**	**$ 222,000**
Derivative financial instruments market adjustment	$ 6,434,000	$ 10,204,000
Tax effect of derivative financial instruments market adjustment, including effect of change of tax status (Note 10)	(580,000)	(917,000)
Net derivative financial instruments market adjustment	**$ 5,854,000**	**$ 9,287,000**

Note 10. Income Taxes

In connection with the commencement of operations on July 3, 2003, we recognized a tax benefit related to operating loss carryforwards accumulated during our development period. This benefit was partially offset by the state income tax and the adjusted net profits tax related to our 2003 post-opening pretax income.

We are entitled to a 50% credit against our Adjusted Net Profits Tax (see Note 1) if we make qualifying capital expenditures, as defined by statute. In 2003, we placed a valuation allowance of approximately $481,000 on the credit because we had not made any qualifying capital expenditures, nor did we have any definitive expansion plans. In December 2004, we commenced the Public Space Expansion and submitted the appropriate applications for reimbursement of this tax. As such, we released the $481,000 valuation allowance on the 2003 credit and realized an additional credit of $2,372,000, representing 50% of the Adjusted Net Profits Tax paid in 2004. This $2,853,000 aggregate state tax benefit is included in our accompanying statement of operations for the year ended December 31, 2004 and a state tax benefit of $1,902,000 representing 50% of the Adjusted Net Profits Tax paid in 2005 is included in our accompanying statement of operations for the year ended December 31, 2005.

Based on New Jersey state income tax rules, we are eligible for a refundable state tax credit under the New Jersey New Jobs Investment Tax Credit because we made a qualified investment in a new business facility that created new jobs. The total estimated available credit is approximately $75,000,000 over a five year period subject to certain annual conditions. We began receiving refunds related to this tax credit in early 2005. As such, we recorded approximately $23,000,000 of net New Jobs Tax Credits during the three months ended December 31, 2004, comprised of New Jobs Tax Credits generated from the years ended December 31, 2003 and 2004. We recorded approximately $18,700,000 of net New Jobs Tax Credits for the year ended December 31, 2005 and expect to generate net New Jobs Tax Credits for each of the years ending December 31, 2006 through December 31, 2007, of approximately $16,800,000 per year. We may also be entitled to incremental New Jersey New Jobs Investment Tax Credits as a result of our expansion projects as discussed in Note 1.

The following tables present our state income tax benefit and related deferred tax assets. For tax years ended prior to obtaining our casino license on July 3, 2003, we were not subject to New Jersey state income taxes. Accordingly, the tax attributes as of July 3, 2003 are subsequently reflected as a component of the net deferred state tax assets and the benefit from state income taxes as of and for the years ended December 31, 2005 and 2004.

A summary of the benefit from state income taxes is as follows:

	Year Ended December 31,	
	2005	2004
State		
Current	$ (4,037,000)	$ (15,761,000)
Deferred	2,734,000	5,972,000
Benefit from state income taxes	**$ (1,303,000)**	**$ (9,789,000)**

The following table provides reconciliation between the state statutory rate and the effective income tax rate where both are expressed as a percentage of income.

	Year Ended December 31,	
	2005	2004
Tax provision at state statutory rate	9.0%	9.0%
New jobs investment tax credit	(11.0)	(11.8)
Adjusted net profits tax	2.2	3.8
Adjusted net profits tax credit	(1.1)	(1.9)
Other, net	0.1	0.2
Valuation allowance	-	(7.2)
Total state income tax benefit	**(0.8)%**	**(7.9)%**

The components comprising the Company's net deferred state tax asset (liability) are as follows:

	December 31, 2005	December 31, 2004
Deferred state tax assets:		
Preopening expenses amortized for tax purposes	$ 2,716,000	$ 4,076,000
State tax credit carryforwards	1,657,000	-
Provision for doubtful accounts	921,000	637,000
Reserve for employee benefits	387,000	179,000
Reserve differential for gaming activities	294,000	576,000
Derivative financial instruments market adjustment	-	580,000
Other	561,000	86,000
Gross deferred state tax asset	6,536,000	6,134,000
Deferred state tax liabilities:		
Difference between book and tax basis of property	9,480,000	5,419,000
Other	350,000	493,000
Gross deferred state tax liability	9,830,000	5,912,000
Net deferred state tax asset (liability)	**$ (3,294,000)**	**$ 222,000**

The items comprising our deferred income taxes as presented on the accompanying consolidated balance sheets are as follows:

	December 31, 2005	December 31, 2004
Current deferred income tax asset	$ 1,178,000	$ 487,000
Non-current deferred income tax liability	(4,472,000)	(265,000)
Net deferred state tax asset (liability)	**$ (3,294,000)**	**$ 222,000**

Note 11. Commitments and Contingencies

Future Minimum Lease Payments

Future minimum lease payments required under noncancelable operating leases (principally for land, see Note 7) as of December 31, 2005 are as follows:

2006	$ 8,525,000
2007	7,684,000
2008	6,897,000
2009	5,718,000
2010	5,149,000
Thereafter	293,586,000
Total	**$ 327,559,000**

For the years ended December 31, 2005 and 2004, total rent expense was $6,816,000 and $7,042,000, respectively.

Utility Contract

In 2005, we amended our executory contracts with a wholly-owned subsidiary of a local utility company extending the end of the terms to 20 years from the opening of our Rooms Expansion. The utility company provides us with electricity and thermal energy (hot water and chilled water). Obligations under the thermal energy executory contract contain both fixed fees and variable fees based upon usage rates. The fixed fee components under the thermal energy executory contract are currently estimated at approximately $6,500,000 per annum. We also committed to purchase a certain portion of our electricity demand at essentially a fixed rate which is estimated at approximately $4,800,000 per annum. Electricity demand in excess of the commitment is subject to market rates based on our tariff class.

Investment Alternative Tax

The New Jersey Casino Control Act provides, among other things, for an assessment of licensees equal to 1.25% of their gross gaming revenues in lieu of an investment alternative tax equal to 2.5% of gross gaming revenues. Generally, we may satisfy this investment obligation by investing in qualified eligible direct investments, by making qualified contributions or by depositing funds with the New Jersey Casino Reinvestment Development Authority ("CRDA"). Funds deposited with the CRDA may be used to purchase bonds designated by the CRDA or, under certain circumstances, may be donated to the CRDA in exchange for credits against future CRDA investment obligations. CRDA bonds have terms up to fifty years and bear interest at below market rates.

We entered into a tri-party agreement with the CRDA and MAC committing up to $14,000,000 of our CRDA deposit obligations to the proposed Venice Park Bulkhead Project (the "Bulkhead Project"). Under this agreement, MAC is solely responsible for funding any and all hard and soft costs and expenses of designing, permitting, engineering, developing, consulting, equipping, and opening the Bulkhead Project. As of July 2005, we have fully funded our $14,000,000 of CRDA obligations, based upon 1.25% of gross gaming revenues. The CRDA will hold these funds in a segregated account and will reimburse MAC for their costs associated with the Bulkhead Project. As of December 31, 2005, $341,000 has been reimbursed to MAC from these funds. In the event that the Bulkhead Project is not fully consummated, we would be required to make expenditures for housing projects in Atlantic City with the remaining funds. Our additional funds, based on 1.25% of gross gaming revenues, above the $14,000,000 are now available for other qualifying investments under the New Jersey Statutes which control such investments. As of December 31, 2005, we have $6,097,000 of funds available for other qualifying investments. A full valuation allowance has been provided for the Bulkhead Project as the Company could not determine that such amounts would have any net realizable value and a 33% valuation allowance has been provided for the other qualifying investments, most likely eventual investments in CRDA bonds, as CRDA bonds bear interest at below market rates. Accordingly, expense of $4,693,000 and $7,957,000, respectively, is included in selling, general and administrative expenses on the accompanying consolidated statements of operations for the years ended December 31, 2005 and 2004.

Grant and Donations Agreement

In June 2004, Borgata and the eleven other casinos in the Atlantic City gaming market (collectively, the "Casinos") entered into a Grant and Donations Agreement (the "Agreement") with the New Jersey Sports & Exposition Authority (the "NJSEA") and the CRDA in the interest of deferring or preventing the proliferation of competitive gaming at New Jersey racing tracks.

Under the terms of the Agreement, the Casinos shall pay to the NJSEA $34,000,000 to be used for certain authorized purposes (the "Authorized Uses") as defined by the Agreement. The $34,000,000 to be paid by the Casinos shall be payable over a four year period as follows: $7,000,000 was paid October 15, 2004;

$8,000,000 was paid October 15, 2005; $9,000,000 will be paid on or before October15, 2006; and $10,000,000 will be paid on or before October 15, 2007. In the event any of the $34,000,000 is not used by NJSEA for the Authorized Uses by January 1, 2009, the unused funds shall be returned by NJSEA to the Casinos pro rata based upon the share each casino contributed. For each year, each casino's share of the $34,000,000 will equate to a percentage representing its gross gaming revenue for the twelve months ending June 30th prior to the October 15 payment date compared to the gross gaming revenues for that period for all Casinos. The Casinos, individually and collectively, shall be responsible for the payment of all amounts due. In the event that any casino shall fail to make its payment as required, the remaining Casinos shall pay a pro rata share of the defaulted payment based upon their share of the gross gaming revenue for the period as compared to the gross gaming revenues for the period for all Casinos calculated without the gross gaming revenue of the defaulting casino. As a result, we will expense our pro rata share of the $34,000,000, estimated to be approximately $4,661,000 in total using our actual and forecasted market share of gross gaming revenue, on a straight line basis over the applicable term of the Agreement. Based upon the gross gaming revenues for all Casinos for the twelve months ended June 30, 2005, our share of the $8,000,000 paid on October 15, 2005 was approximately 13.9%, or $1,112,000. Based upon the gross gaming revenues for all Casinos for the twelve months ended June 30, 2004, our share of the $7,000,000 paid on October 15, 2004 was approximately 12.0%, or $837,000. We recorded an expense of $1,136,000 and $490,000 for the years ended December 31, 2005 and 2004, respectively.

Also under the terms of the Agreement, the CRDA approved donations in the aggregate amount of $62,000,000 from the Casino's North Jersey Obligations (pursuant to the New Jersey Casino Control Act) for certain uses as defined by the Agreement including casino projects approved pursuant to rules of the CRDA. The CRDA shall credit 100% of the donations received from each casino against that casino's obligation to purchase bonds. The donation shall provide that each casino's share of the $62,000,000 will equate to a percentage representing its gross gaming revenue for the twelve months ended June 30, 2004 compared to the gross gaming revenues for that period for all Casinos. Each casino's respective annual donation shall be made first from uncommitted current and future funds in the North Jersey Project Fund established in accordance with the CRDA Urban Revitalization Act of that Casino and shall be credited as fulfilling said obligation on behalf of the particular casino making the payment. To the extent such North Jersey Project funds of that casino are not adequate to pay a Casino's share of the required donations, then that casino's other uncommitted current and future North Jersey Obligations shall be utilized. As a result, we will expense our pro rata share of the $62,000,000 on a straight line basis over the applicable term of the Agreement; however, our Rooms Expansion project may qualify, pursuant to rules of the CRDA, for eligibility to receive future credits of approximately $6,800,000 under this Agreement. Based upon the gross gaming revenues for all Casinos for the twelve months ended June 30, 2004, our share of the $62,000,000 is approximately 12.0%, or $7,400,000. We recorded an expense of $1,644,000 and $865,000 for the years ended December 31, 2005 and 2004, respectively. Based on current gross gaming revenue projections, we expect it will take approximately 10 to 12 years to fully fund this obligation as the third quarter of 2006 is the first quarter we are subject to fund North Jersey Obligations.

Legal Matters

We are subject to various claims and litigation in the normal course of business. In our opinion, all pending legal matters are either adequately covered by insurance, or if not insured, will not have a material adverse impact on our financial position, results of operations or cash flows.

SCHEDULE OF RECEIVABLES AND PATRONS' CHECKS

TRADING NAME OF LICENSEE:

Marina District Development Company, LLC and Subsidiary
(Borgata Hotel Casino & Spa)

FOR THE YEAR ENDED DECEMBER 31, 2005

TO THE
CASINO CONTROL COMMISSION
OF THE
STATE OF NEW JERSEY

TRADING NAME OF LICENSEE: Marina District Development Company, LLC and Subsidiary (Borgata Hotel Casino & Spa)

SCHEDULE OF RECEIVABLES AND PATRONS' CHECKS

FOR THE YEAR ENDED DECEMBER 31, 2005

(UNAUDITED)
($ IN THOUSANDS)

ACCOUNTS RECEIVABLE BALANCES

LINE (a)	DESCRIPTION (b)	ACCOUNT BALANCE (c)	ALLOWANCE (d)	ACCOUNTS RECEIVABLE NET OF ALLOWANCE (e)
	Patrons' Checks:			
1	Undeposited Patrons' Checks	$ 24,150		
2	Returned Patrons' Checks	10,006		
3	Total Patrons' Checks	34,156	$ 10,034	$ 24,122
4	Hotel Receivables	2,746	198	2,548
	Other Receivables:			
5	Receivables Due from Officers and Employees	19		
6	Receivables Due from Affiliates	54		
7	Other Accounts and Notes Receivables	24,950		
8	Total Other Receivables	25,023	-	25,023
9	Totals (Form CCC-205)	$ 61,925	$ 10,232	$ 51,693

UNDEPOSITED PATRONS' CHECKS ACTIVITY

LINE (f)	DESCRIPTION (g)	AMOUNT (h)
10	Beginning Balance (January 1)	$ 16,916
11	Counter Checks Issued (Excluding Counter Checks Issued Through Transactions Relating to Consolidations, Partial Redemptions, Substitutions, and Patrons' Cash Deposits)	588,927
12	Checks Redeemed Prior to Deposit (Excluding the Unredeemed Portion of Counter Checks Redeemed Through Partial Redemptions, and Excluding Checks Redeemed Through Transactions Relating to Consolidations, Substitutions, and Patrons' Cash Deposits)	(428,726)
13	Checks Collected Through Deposits	(130,422)
14	Checks Transferred to Returned Checks	(22,545)
15	Other Adjustments	-
16	Ending Balance	$ 24,150
17	"Hold" Checks Included in Balance on Line 16	$ -
18	Provision for Uncollectible Patrons' Checks	$ 10,034
19	Provision as a Percent of Counter Checks Issued	1.7%

Under penalties of perjury, I declare that I have examined this Schedule of Receivables and Patrons' Checks and to the best of my knowledge and belief, it is true and complete.

3/31/2006
Date

Signature - Hugh Turner

Vice President - Finance
Title of Officer

ANNUAL EMPLOYMENT AND PAYROLL REPORT

TRADING NAME OF LICENSEE:

Marina District Development Company, LLC and Subsidiary
(Borgata Hotel Casino & Spa)

FOR THE TWELVE MONTH PERIOD ENDED DECEMBER 31, 2005

TO THE
CASINO CONTROL COMMISSION
OF THE
STATE OF NEW JERSEY

TRADING NAME OF LICENSEE: Marina District Development Company, LLC and Subsidiary (Borgata Hotel Casino & Spa)

ANNUAL EMPLOYMENT AND PAYROLL REPORT

AT DECEMBER 31, 2005
($ in Thousands)

LINE (a)	DEPARTMENT (b)	NUMBER OF EMPLOYEES AT DECEMBER 31, (c)	SALARIES AND WAGES Other Employees (d)	Officers & Owners (e)	Totals (f)
	CASINO				
1	Administration	7			
2	Gaming	1,822			
3	Slots	143			
4	Casino Accounting	297			
5	Simulcasting	16			
6	Other	28			
7	Total - Casino	2,313	$ 47,267	$ 1,073	$ 48,340
8	ROOMS	510	11,399	-	11,399
9	FOOD AND BEVERAGE	1,615	27,008	-	27,008
	OTHER OPERATED DEPARTMENTS				
10	Spa, Fitness Center & Pool	119	1,947	-	1,947
11	Transportation	120	1,984	-	1,984
12	Business Center	3	87	-	87
13	Barber Shop	5	59	-	59
14					
15					
16					
17					
18					
19					
	ADMINISTRATIVE AND GENERAL				
20	Executive office	27	466	1,700	2,166
21	Accounting and auditing	108	3,102	-	3,102
22	Security	211	5,465	-	5,465
23	Other administrative and general department	132	5,662	-	5,662
24	MARKETING	211	7,883	1,073	8,956
25	GUEST ENTERTAINMENT	276	3,525	-	3,525
26	PROPERTY OPERATION AND MAINTENANCE	287	8,592	-	8,592
27	TOTALS - ALL DEPARTMENTS	5,937	$ 124,446	$ 3,846	$ 128,292

Under the penalties provided by law, I declare that I have examined this report, and to the best of my knowledge and belief, it is true and complete.

3/31/2006
Date

Signature - Hugh Turner

Vice President - Finance
Title of Officer

CCC-376

TRADING NAME OF LICENSEE : BORGATA HOTEL CASINO AND SPA

GROSS REVENUE ANNUAL TAX RETURN

FOR THE YEAR ENDED DECEMBER 31, 2005

Line		
	CASINO WIN:	
1.	Table and Other Games Win	$ 266,486,921
2.	Slot Machines Win	437,871,396
3.	Total Win	704,358,317
4.	Recovery for Uncollectible Patrons' Checks	0
5.	Gross Revenue (line 3 plus line 4)	704,358,317
6.	Tax on Gross Revenue - Reporting Year (8% of line 5)	56,348,665
7.	Audit or Other Adjustments to Tax on Gross Revenues in Prior Years	26,938
8.	Total Taxes on Gross Revenue (the sum of lines 6 and 7)	56,375,603
9.	Total (Deposits) Made for Tax on Reporting Year's Gross Revenue	(56,348,665)
10.	Settlement of Prior Years' Tax on Gross Revenue Resulting from Audit or Other Adjustments - (Deposits) Credits	(26,938)
11.	Gross Revenue Taxes Payable (the net of lines 8, 9 and 10)	$ 0

Under penalties of perjury, I declare that I have examined this Gross Revenue Annual Tax Return and to the best of my knowledge and belief, the information contained in this return is accurate.

3-15-06
Date

Betty J. Parker
Signature

Casino Controller
Title of Officer